

COMMUNITY HOSPITAL OF BREMEN
Community Benefit Annual Report
Fiscal Year Ending 4-30-2010

I. INTRODUCTION

The Community Hospital of Bremen (CHB) has just completed its fourth year of operation in its new replacement hospital during this fiscal year ending 4-30-2010. The new hospital facility is within the town limits of Bremen and near the intersection of the two main highways serving the community. Our new hospital brings many clinical and quality improvements as well as better accessibility for all patients. Our former hospital had inadequate off street parking. The hospital has improved off street parking for cars, horses and buggies, and bicycles. The new facility replaces a facility built in two phases in 1957 and 1977.

CHB is a small rural Critical Access Hospital located in northeast Marshall County. As in years past due to size we partner with many other organizations to meet the spectrum of health needs of Bremen area residents. Many of our community benefit activities are delivered cooperatively with other organizations.

Charity care is provided to low income individuals, who are uninsured or underinsured. Our community has been struggling economically which has placed additional strains on hospital resources. In addition to an increase in charity care we have experienced an increase in the number of Medicaid patients seeking services. Medicaid patients account for 12% of our payer mix and self pay patients account for 10% of our payer mix. CHB has designated significant resources to community benefit programs that benefited over 3,000 persons in the fiscal year just ended. Some services are offered directly by hospital staff and others are delivered by other agencies and organizations using hospital donated space or other hospital resources. Independent and cooperative community benefit activities will be detailed later in this report. The United Way of Marshall County has been instrumental in coordinating the community benefit activities of many county organizations including the hospital. The United Way has created a county-wide Agency Director's Association that meets monthly to jointly address unmet community needs. The CHB president/CEO chaired this organization through calendar year 2009.

Our hospital mission statement states that health services will be delivered to area residents without regard for ability to pay for care. Unreimbursed care including charity care and unreimbursed Medicaid shortfalls are listed in our fiscal report on State Form 49520. The uninsured population in Marshall County is in the 14% to 15% range and climbing. Eight percent of county residents live at or below the federal poverty level. Unemployment rates have increased to double digits in our service area as our two primary manufacturing sectors have faltered. Bremen area manufacturing supplies the automotive and recreational vehicle industries both of which have experienced decreased demand in 2009 and through the first four months of 2010.

The body of this report describes our needs assessment and community benefit activities carried out in support of our charitable and healing mission. A four part needs assessment

was completed during the fourth quarter of 2007 and will be referenced in further detail later in this report.

II. COMMUNITY HOSPITAL OF BREMEN MISSION STATEMENT

The mission of the Community Hospital of Bremen is to provide progressive family oriented health care in an atmosphere of Christian love and concern for all, regardless of age, sex, race, religion, handicap, diagnosis, or financial status.

To accomplish this mission the hospital will:

- Provide a setting for patients to receive basic primary healthcare in a cost effective manner through appropriate inpatient, outpatient, and emergency services.
- Focus appropriate resources on the development of alternative services and ventures in response to health needs of the community.
- Serve as a setting for the education and career development of professional and allied health personnel.
- Maintain an environment that allows employees and physicians to provide quality patient care.

At all times and to the fullest extent possible the welfare of the patient will be the major factor in the determination of the hospital's activities, programs, and direction.

III. IDENTIFICATION OF OUR SERVICE AREA

The Community Hospital of Bremen is a 24 bed Critical Access Hospital located in Marshall County, approximately 20 miles southeast of South Bend, Indiana and 18 miles northeast of Plymouth, Indiana, the Marshall County seat. Our service area includes the communities in Marshall County as well as portions of Elkhart, St. Joseph, and Kosciusko Counties. The hospital's service area encompasses seven zip codes and 31,874 persons using 2000 census data. Persons residing on the west side of Marshall County, including Plymouth the county seat, are primarily served by the Saint Joseph Regional Medical Center – Plymouth Campus. The Saint Joseph Regional Medical Center is 18 miles southwest of Bremen in Plymouth, Indiana.

The Hispanic population is the fastest growing segment of the local population. One in seven Bremen residents is of Hispanic origin. A language barrier affects access to healthcare for many Hispanic persons. We give priority to employing bi-lingual staff persons. The most recent primary care physician recruited is also a bi-lingual Spanish speaker. Our hospital uses the AT&T Language Line services for translation as needed.

The Amish population comprises an established ethnic sub-group in our community. There are 3,500 Amish residents with Bremen or Nappanee addresses. This population experiences several barriers to care including limited transportation options and a refusal to enroll in health insurance programs. Persons of the Amish faith are self pay, private pay patients. The Amish population lags behind the general population in immunization rates, prenatal care, dental care, and preventative care. Persons of the Amish faith discontinue formal education after the eighth grade. Our response to the health needs of the Amish will be cited under the community benefit plan implementation section of this report. A

member of the Amish faith serves on the hospital's Board of Directors and helps the hospital address the special health needs of this population.

Cultural and language barriers affect both the Hispanic and Amish populations. Hospital signage is printed in both English and Spanish. We provide free office and meeting space to the Women's Care Center, an organization that conducts a weekly single parent group in Spanish. This program is well attended. The hospital has developed discounts for self pay patients that have been beneficial to both populations.

A lack of public transportation is a problem for all at risk populations in Marshall County. The presence of a hospital in the Bremen community makes health services accessible to many persons lacking transportation. We are fortunate to have a van serving the county with \$1.00 rides for essential transportation. This service comes to Bremen two days per week. Persons who must seek care outside of Bremen are dependent on family and friends for non-emergency transportation.

IV. NEEDS ASSESSMENT ACTIVITIES AND FINDINGS

A health needs assessment for the hospital's catchment area was conducted in the fourth quarter of 2007 with results reported in January 2008. The needs assessment was conducted by the National Center for Rural Health Works, Oklahoma State University. The study consisted of 1.) an economic impact study of health services in Bremen and Marshall County, Indiana, 2.) collection of Marshall County economic, health/behavioral, education, traffic, and crime data, 3.) development of a health services directory for Bremen and Marshall County, Indiana, and 4.) a telephone survey of health services availability and satisfaction in the Bremen service area. Fees for engaging the National Center for Rural Health Works were underwritten by a federal CAH FLEX grant administered by the Indiana State Department of Health. Hospital staff contributed many hours of labor assisting with this assessment process.

The economic impact study documented a net direct \$17,960,286 annual impact on community related to the presence of the Community Hospital of Bremen. The multiplier effect of health services employment in the Bremen service area is \$25,854,590. These figures compare favorably to a similar 2001 study that reported \$10,147,700 net impact and a multiplier effect that yielded \$14,760,570.

The Marshall County health data in our study identified areas of concern. The renal failure rate as a cause of death is twice as high in Marshall County as in the rest of the state. Diabetes as a cause of death is rising nationally. Diabetes death rates in Marshall County are 12% higher than the rest of the state. The teen birth rate in Marshall County has been declining and is 9.7% which is below the state teen birth rate of 11%. Hospital directed or supported programs are making an impact and will be cited in the plan implementation section of this report.

The development of a health services directory for Marshall County serves two purposes. The directory is a tool used by referral agencies to help patients access care. Secondly the directory is a tool used to identify gaps in the location and availability of health service professionals within the county. Printing and distribution of the health services directory to

the public has become a project of one of the agencies that participated in the needs assessment planning process. Marshall County Older Adult Services prints and distributes the health services directory on an annual basis to area residents. Community Hospital of Bremen provides free office and meeting space to this organization in Bremen.

The telephone survey of health services found that the top four specialty areas used by respondents in order of frequency used were cardiology, orthopedics, OB/GYN and ENT. Eighty nine percent of respondents went outside of the hospital's catchment area to access these services. To address this problem CHB recruited a new family practice physician in July 2007, who is fellowship trained in obstetrics and C-section care. We are beginning to slow the 45% outmigration from our county for OB care. We have also been successful in recruiting a group of orthopedic surgeons from Elkhart County to begin an orthopedic surgery program at our hospital to augment the part time ortho service of two visiting surgeons. An otolaryngologist was successfully recruited beginning in January 2010. A monthly ENT clinic is held in the hospital to meet this identified need.

Amish input into the survey process was obtained through completion of paper copies of the survey instrument. The cost of hospital care remains a concern for the Amish population due to lack of health insurance, large families, and modest incomes. Obstetrical care and emergency care are the two areas of highest interest. Transportation to receive care is a barrier to access. The traditional Amish forms of transportation are horse and buggy or bicycle. Transportation arrangements for health services are a major difficulty for Amish patients who do not operate motor vehicles. The isolated rural addresses of Amish farm families and lack of telephones makes public transportation options difficult to implement. We are starting to see a trend of a small number of Amish persons carrying cell phones and believe that this trend may continue to grow dependent upon church hierarchy views on telephone usage.

Tobacco use is a significant problem in Indiana and Marshall County. A 2004 Anthem study of tobacco use in Indiana found that 26% of Hoosier adults used tobacco products versus 22% for the nation as a whole. Indiana consistently ranks in the top 10 states for smoking rates. The health related problems related to tobacco use are well documented and include heart disease, cancer, stroke, and respiratory diseases to name a few. Our hospital has responded to this health problem in several ways detailed below. Smoking rates are beginning to slowly decrease and we anticipate that 2011 state data will show an Indiana smoking rate closer to the national rate.

According to the 2004 Anthem study obesity is a major problem in Indiana with 26% of Indiana residents classified as obese versus 23% in the nation as a whole. Our hospital has responded with several activities that will be listed in the implementation section.

V. COMMUNITY BENEFIT PLAN IMPLEMENTATION

The Community Hospital of Bremen has responded to the needs identified in the needs assessment performed and to other needs identified in our service area. Many of our responses were performed in conjunction with other organizations and agencies delivering health services.

In order to attract and retain specialist care for our community the hospital operates two medical specialist clinics that encompass 18 physicians representing 11 different specialties. Over 300 patients per month visit these two sites. One clinic is located in our hospital and a second is freestanding located one mile from our hospital.

Our freestanding clinic is made available on a gratis basis to health and social service agencies needing free office and meeting space. The hospital assumes all expenses for utilities, maintenance, and cleaning. The hospital also provides free WI FI internet service. Organizations using gratis space at the hospital clinic include the Marshall County Health Department (immunizations), Marshall County Council on Aging, Single Parent Program, Single Parent Group, Women's Care Center, and AIM Straight Marriage and Family programs. Over 3,000 persons utilized these services during the fiscal year. In addition to the direct services delivered by these service providers, the hospital provided storage space for requesting organizations. The hospital stores nursery and maternity supplies for the Women's Care Center.

The Marshall County Older Adult Services uses donated space to operate two ongoing programs and one seasonal program. The ongoing programs are a medication assistance program for low income individuals and a Medicare Part D (pharmacy benefit) counseling service. Both programs operate two days per week and use hospital donated space, internet, and phone services. A seasonal program is a free income tax preparation program for low income residents of all ages that operates only during tax season. This program also assists eligible persons with enrollment in state Medicaid and Healthy Indiana Plan programs.

AIM Straight Marriage and Family, a non-profit organization, utilizes a donated office suite in the hospital clinic as well as free meeting space. AIM Straight offers several programs in our community including a marriage preparation program, marital counseling services, and a divorce mediation program. AIM Straight uses hospital space for board meetings and to train marriage mentor couples in addition to their counseling programs with couples.

During the fiscal year just ended 773 free childhood immunizations were administered to 304 children through a cooperative clinic with the Marshall County Health Department. Bringing immunizations to Bremen has increased county immunization rates especially among the Hispanic and Amish populations. It has been very important to have a convenient immunization site for Amish children. Most Amish children do not attend public school and thus are not under the requirement to have immunizations up to date to enroll.

CHB has a paved walking trail on its 21 acre campus open to the public for exercise. A local Boy Scout erected a pergola and benches on the walking trail as well as landscaping as his Eagle Scout project. CHB reduces its health insurance plan deductible to employees, who meet any of four wellness indicators. The health indicators are body mass index, blood pressure, cholesterol, and smoking status. Employees meeting all four criteria have a zero deductible health plan. The hospital has implemented a Weight Watchers at Work program during the fall of 2009 which is open to the public. This well attended and successful program continues with hospital financial underwriting.

Hospital staff certified 110 persons in CPR at a subsidized charge of \$7.00 per person. Participants in four different classes were all affiliated with Bremen Public Schools either faculty, staff, or students. One of the four classes also included AED (automatic external defibrillator) training. The \$7.00 fee charged offset class materials and the CPR card given to persons successfully completing the class.

The CHB Dietary Department is the meal preparation site for the Bremen Meals on Wheels program. This program averaged 13 persons per day who are elderly or handicapped. Participants receive a cooked meal each weekday through this program. The hospital is reimbursed \$2.85 per meal which covers the cost of purchasing food, but not the labor, preparation, and packaging costs of the meals. Over 3,300 meals were prepared and delivered in the fiscal year just ended.

CHB has over 20 first aid kits distributed in the community including 8 kits at the Marshall County 4H Fair. Most of the first aid kits have been distributed to youth sports teams and leagues. The hospital restocks these first aid kits on an ongoing basis as supplies are used at no cost to the recipients.

The hospital was a financial supporter of the Town of Bremen Little League program. This program served 300 boys during the summer of 2008.

Hospital space is donated to community groups seeking gratis meeting space. The Bremen Kiwanis Club meets weekly at the hospital. A Lutheran church men's group meets regularly at the hospital. Tri Kappa sorority has also used hospital meeting space to plan service activities. Money Smart Week lecture meetings were held at the hospital as a community service. A course entitled, "Where Does Your Money Go?" was taught at the hospital as a collaboration between the United Way of Marshall County, Community Hospital of Bremen, and the German Township Trustee's office. The United Way of Marshall County held both agency director meetings and annual campaign drive meetings at the hospital.

CHB as an organization strongly supports activities aimed at reducing smoking rates. The hospital campus is smoke free. We participate in and support the Smoke Free Marshall County organization. A hospital nurse educator has completed training in smoking cessation course work and has been offering classes to the public on an ongoing basis. We offer smoking cessation classes to employees as an employee benefit. Employees who refrain from smoking also receive a reduced deductible on our health insurance plan.

During this fiscal year the hospital has supported the practice of Michal McClaid, MD, a family practice physician, who has also completed a fellowship in obstetrics and C-section care. With the addition of Dr. McClaid to our primary care staff we now have 3 physicians delivering babies at CHB. Our support of Dr. McClaid has been in the form of a two year income guarantee that ended in July 2009. We continue to support Dr. McClaid's practice by underwriting an additional \$21,000 of expenses per annum beyond the support agreement. A portion of this support reduces Dr. McClaid's medical school debt. We have also recruited another family practice physician to join the practice of Jason Marker, MD. Dr. Marker's practice has grown to 2,600 active patients. He is the sole provider of care in Wyatt, Indiana. Tricia Kurtz, MD, will join Dr. Marker in the summer of 2010 when she finishes her residency program. Dr. Kurtz is bilingual (speaks Spanish) and will offer

obstetrics as part of her practice. Dr. Kurtz will be the first female primary care physician in our catchment area. Dr. Kurtz has signed a two year income guarantee agreement with CHB.

During the fiscal year hospital staff conducted 4 prenatal and childbirth classes serving 12 couples. A hospital RN provides a well baby home visit to the family of every child born at the hospital. In the fiscal year just ended we recorded 86 well baby home visits. There is no charge for either of these programs.

In August 2008 a Masters prepared dietician was employed. This individual performs consults for diabetic teaching, weight management, and cholesterol management to name a few. These services are offered to patients on both an inpatient and outpatient basis.

Persons lacking health insurance, who self pay for hospital services are given a discount of 20% on all hospital charges. A prompt pay discount of 30% is also available to persons able to self pay their hospital bill within 30 days of receipt. CHB also offers a self pay obstetrical program for \$2,800 that covers the entire cost of a normal vaginal delivery and 48 hour post partum stay. These discounts are offered in addition to the hospital's charity care policy for persons unable to afford their care. These programs have been most helpful to low income families and Amish families, who lack health insurance.

Hospital tours are provided to community groups upon request. All Bremen Elementary School second grade students tour the hospital each year. Approximately 120 students participate in these tours. Additionally students from St. Paul's Lutheran School also tour the hospital. Approximately 50 Bremen High School students participated in a health careers orientation and hospital tour as a graduation requirement.

The hospital was a sponsor and participated in the Marshall County Older Adult Services health fair held on November 3, 2009. Approximately 1,500 persons attended this event. Our hospital screened 200 persons for cholesterol levels during this event.

Hospital staff manned a booth at a health fair co sponsored by Bremen Public Schools and the Bremen Boys and Girls Club. CHB was an underwriter of this event. Health literature was distributed to the 100 participants. The hospital also sponsored and staffed a health information booth at the Latino Fest. This one day festival attracts 7,000 persons.

The hospital also serves as a registration site for Hoosier Healthwise (Medicaid) and the Healthy Indiana Plan. The Healthy Indiana Plan (HIP) is a state sponsored health insurance plan for low income working residents of Indiana. We also sponsor two other organizations, that use hospital donated space as well as an enrollment site for these programs. These services are provided on a gratis basis.

In addition to the above the Community Hospital of Bremen made a considerable investment in staff development activities. One hundred twenty five employees participated in 2,109 hours of training and education. The staff cost of this training was \$72,830.

This narrative summarizes some of our community benefit activities for the fiscal year ending 4-30-2010. Although it is possible to describe a broad range of hospital provided community benefit activities, it is difficult to accurately capture the full direct and indirect costs of making these services available to Bremen area residents. Much was accomplished with limited resources.

Statement Three	Donations Statement
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	Estimated Incoming Revenue	Estimated Outgoing Expenses	Net Dollar Gain or Loss
Donations	\$ HOSPITAL	\$ RECEIVES DONATIONS	\$
THROUGH FOUNDATION STRUCTURE			

Statement Four	Research Statement
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	Estimated Incoming Revenue	Estimated Outgoing Expenses	Net Dollar Gain or Loss
Research	\$ —	\$ —	\$ —

Statement Five	Education Statement
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Education of	Estimated Incoming Revenue	Estimated Outgoing Expenses	Net Dollar Gain or Loss
Medical Professionals	\$ —	\$ 450	\$ (450)
Hospital Patients	\$ —	\$ 297,600	\$ (297,600) ⁽⁴⁾
Community Education	\$ 1506	\$ 32,707	\$ (30,832)

Number of Medical Professionals Trained	1
Number of Hospital Patients Educated	28,451 ⁽²⁾
Number of Citizens Exposed to Health Education Messages	25,000

Statement Six

Charity Statement

Hospital Charity Charges

\$ 250,211

	Adjustments		
	Payments From Clients	LESS Costs to Hospital	Unreimbursed Costs to Hospital
Charity Costs by Hospital		\$ 139,155	
Charity Payments by Clients	\$ —		
HCI Payments	\$ —		
Subtotal	\$ —	\$ 139,155	\$ (139,155)
Medicaid Shortfalls	\$ 226,701	\$ 132,715	
Subtotal	\$ 226,701	\$ 132,715	\$ (110,045)
DSH Payments	\$ —		
Subtotal	\$ —	\$ —	\$ —
Medicare Shortfalls	\$ 5,134,159	\$ 5,002,655	
Other Government Programs	\$ —	\$ —	
Total	\$ 5,360,860	\$ 6,468,969	\$ (1,239,613)

Statement Seven

Subsidized Health Services for the Community

	Estimated Incoming Revenue	Estimated Outgoing Expenses	Net Dollar Gain or Loss
Community Programs	\$ 525,799	\$ 1,586,619	\$ (1,060,820)
Community Assessment	\$ —	\$ —	\$ —
Provision of Taxes	\$ —	\$ —	\$ —
Other Allocations	\$ —	\$ 150	\$ (150)



HOSPITAL FISCAL REPORT

State Form 49520 (R2/7-02)

Indiana State Department of Health

(Form Approved by State Board of Accounts, 2002)

II. Identification of Organization

Name of Hospital		COMMUNITY HOSPITAL OF BREMEN COMMUNITY HOSPITAL OF BREMEN	
City of Hospital		BREMEN	
Year Begin (xx/xx/xxxx)	5/1/2009	Year End (xx/xx/xxxx)	4/30/2010
Person Completing the Report		DEBRA KIPFER, CFO AND SCOTT GRAYBILL, CEO	
E-Mail Address		dkipfer@bremenhospital.com	
Medicare Provider Number		15-1300	

Statement One: Summary of Revenue and Expenses

1. Gross Patient Service Revenue		2. Deductions From Revenue	
26,701,559		11,672,760	
Inpatient Patient Service Revenue	\$ 7,469,770	Contractual Allowance	\$ 11,422,550
Outpatient Patient Service Revenue	\$ 19,231,789	Other Deductions	\$ 250,211
Total Gross Patient Service Revenue	\$ 26,701,559	Total Deductions	\$ 11,672,760

3. Total Operating Revenue

Net Patient Service Revenue	\$ 15,028,799
Other Operating Revenue	\$ 614,295
Total Operating Revenue	\$ 15,643,094

4. Operating Expenses

Salaries and Wages	\$ 5,761,622	Employee Benefits	\$ 1,483,286
Depreciation and Amortization	\$ 1,063,150	Interest Expense	\$ 736,569
Bad Debt	\$ 588,726	Other Expenses	\$ 5,242,305
Total Operating Expenses	\$ 14,875,630		

5. Net Revenue and Expenses		6. Assets and Liabilities	
Excess Revenue over Expenses	\$ 767,424	Total Assets	\$ 23,777,425
Net Non-operating Gains over Losses	—	Total Liabilities	\$ 23,777,425
Total Net Gain	\$ 767,424		

Statement Two Contractual Allowance

Revenue Source	Gross Patient Revenue	Contractual Allowance	Net Patient Service Revenue
Medicare	\$ 9,480,285	\$ 4,727,417	\$ 4,452,868
Medicaid	\$ 2,523,184	\$ 2,401,471	\$ 121,713
Other Government	\$ —	\$ —	\$ —
Other State	\$ —	\$ —	\$ —
Other Payers	\$ 14,998,090	\$ 4,543,872	\$ 10,454,218
Total	\$ 26,701,559	\$ 11,672,760	\$ 15,028,799